

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-154-C - ORDER NO. 1999-656
SEPTEMBER 16, 1999

IN RE: Application of United States Advanced)	ORDER
Network, Inc. for a Certificate of Public)	GRANTING
Convenience and Necessity to Provide)	CERTIFICATE
Interexchange Telecommunications Services)	
and for Alternative Regulation.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of United States Advanced Network, Inc. ("USAN" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina as a non-facilities based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1998) and the Regulations of the Public Service Commission of South Carolina. By its Application, USAN also requested alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Commission's Executive Director instructed USAN to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of USAN's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. USAN complied with this instruction and provided the Commission with

proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on August 25, 1999, at 12:00 p.m. in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. USAN was represented by Bonnie D. Shealy, Esquire. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Sam Billingsley, Executive Vice President of United States Advanced Network, appeared and testified in support of the Application. The record reveals USAN is a Georgia corporation that has authority from the South Carolina Secretary of State to transact business in South Carolina. Mr. Billingsley testified the Company has been operating since the late 1980s out of Norcross, Georgia. The Company seeks to operate as a reseller of interexchange telecommunications services within the State of South Carolina. USAN currently employs approximately ninety-five employees. Mr. Billingsley testified the Company possesses the technical, financial, and managerial abilities to provide its services in South Carolina. USAN's gross revenues for 1998 totaled thirty-eight million. As of the date of the hearing, USAN had already grossed thirty-eight million and expected to have revenues of at least fifty million by the end of the year.

The Company intends to offer both pre-paid and post-paid telecommunications services in South Carolina. As of the hearing date, USAN had not selected an underlying carrier for the services it intends to offer in South Carolina. The Company's toll-free telephone number will be printed on its pre-paid calling card. In addition, the Company's

customer service department will be available from 9:00 a.m. to 5:00 p.m. eastern standard time, seven days a week. A customer who uses USAN's services will be billed by USAN itself, another carrier such as a LEC, or by a commercial credit card. The Company will market its services through companies that have distributor capabilities.

The Company does plan to offer operator services to residential and business customers and at aggregator locations. The operator services offered to USAN's customers will probably be sub-contracted to and operated by another company like First Data Corporation. The regulatory contact person for the Company is Sam Billingsley. USAN has never had authority denied in any state where it has applied for authority, nor has the Company had authority revoked in any state where it has been granted authority. Mr. Billingsley also testified the Company has never been the subject of an investigation by a state or federal regulatory body nor has the Company been fined or sanctioned by a state or federal regulatory body. He testified further the Company would operate in accordance with the Commission rules, regulations, guidelines, and Commission Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. USAN is organized as a corporation under the laws of the State of Georgia and is authorized to do business as a foreign corporation in the State of South Carolina.
2. USAN operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. USAN has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to USAN to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for USAN for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. USAN shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. USAN shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not

constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

4. With respect to USAN's business service offerings including credit card services, operator services, and customer network offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to USAN also. Staff is instructed to monitor USAN using the same monitoring process and techniques as are used to monitor AT&T.

5. If it has not already done so by the date of issuance of this Order, USAN shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. USAN is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. USAN shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If USAN changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, USAN shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket No. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

10. USAN shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. As a condition to offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a

duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

12. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

13. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. USAN shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

14. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

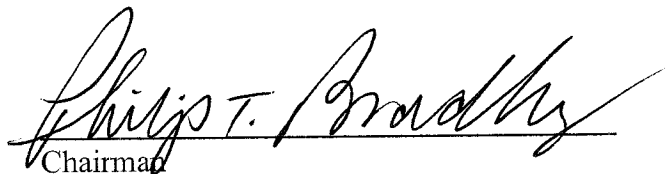
15. As USAN proposes to provide operator services in aggregator locations, USAN shall comply with the following conditions:

- (a) For intrastate 0+ operator assisted and calling card calls originated from pay telephones outside confinement facilities and aggregator locations, USAN may not impose operator service charges greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, USAN may not charge more than the intrastate rates charged by AT&T Communications or BellSouth at the time the call is completed.
- (b) USAN should be allowed to incorporate in its tariff a surcharge (property imposed fee) on operator-assisted and calling card calls not to exceed \$1.00 for calls originated from payphone (excluding pay telephones associated with inmate calling service) and from aggregator locations only if the property owner has not added a surcharge already. That is, USAN may not impose an additional surcharge to calls originating from payphones and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied on behalf of a property owner, the Company should pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the user should be notified of the imposition of the surcharge. This notification should be included in the information pieces identifying the Company as the operator service provider.

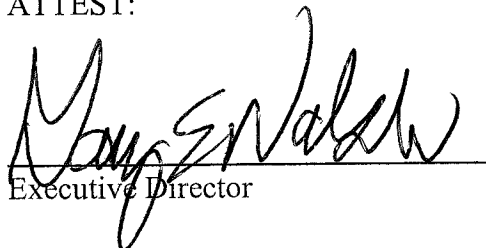
- (c) USAN is required to provide information pieces to pay telephone service providers or property owners identifying the company as the provider of operator service for authorized calls originated from the location. USAN is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.
- (d) For the provision of operator services, USAN shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534 issued in Docket No. 93-026-C.

16. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230